

2009

Western Area Power Administration
Strategic Plan



Overview

Western Area Power Administration has a history richer than its 30 years of existence, tracing its foundations to the beginning of the 20th century in the Bureau of Reclamation's power program. Western was officially created as part of the Department of Energy Organization Act in 1977. The power marketing and transmission functions of Reclamation were transferred to this yet to be named organization in December of that year. Federal hydro-power has, and continues to be, a critically important component of consumer-owned electric utilities' generation portfolio in the region.

Today, Western carries out its mission to market and deliver renewable, non-carbon emitting, reliable, cost-based Federal hydroelectric power in partnership and with the support of its more than 700 power and transmission service customers; including, municipalities, rural electric cooperatives, state and Federal agencies, public utility and irrigation districts and Native American tribes.

Western's 17,000-mile, high-voltage transmission grid crosses much of the western United States, delivers Federal hydropower to 15 states, and carries electricity from other resources to consumers on a space-available basis, thereby assisting local utilities to deliver electricity to their customers.

The challenges of building the electric infrastructure that we take for granted was a daunting task for many. Today's challenges of operating, maintaining and expanding that grid to meet tomorrow's needs are daunting as well.

What was once a relatively stable and orderly industry has now become increasingly complex, fast-paced and fraught with uncertainty. Much of our nation's bulk electric power grid—including Western's transmission lines—is at capacity and is today being operated in ways for which it was not designed.

As a Federal agency, Western faces an increasing squeeze on the amount of annual funding that Congress will appropriate for us to achieve our mission. Our highly skilled technical workforce continues to age and we are competing with the rest of the electric utility industry to attract and retain the high-caliber workforce needed to provide reliable power and transmission services.

At the same time, the Federal Energy Regulatory Commission and its electricity reliability organization, the North American Electric Reliability Corporation, are increasing the scope and breadth of mandatory reliability standards.

Finally, our nation is developing more renewable resources. Many of the best sites for these renewable generating sources—wind, solar and biomass—are located in parts of the West and Midwest that are not near load centers and many of the nearby transmission lines don't have enough available capacity to transport this energy. This means more transmission facilities must be built. Many of the best sites for these location-constrained generating sites are near Western's existing transmission grid.

In light of these factors, Western's senior management team launched an effort in 2007 to review Western's business environment and update our strategic plan. This plan is the result of that work. It will guide us over the coming years. By implementing this plan, Western will continue to provide premier power marketing and transmission services to our firm electric service customers, as well as contribute to enhancing America's energy security and sustaining our nation's economic vitality.

Administrator's message

This strategic plan is our roadmap to ensure we can continue achieving our core mission of delivering cost-based, renewable, non-carbon-emitting Federal hydropower to our firm electric service customers, while addressing the challenges before us and getting maximum benefit from our resources. We are working to ensure we remain in great shape to manage the industry trends and issues that continue to confront us and our customers at a faster and faster pace—be they regulatory, budgetary, legislative, environmental or other initiatives not yet conceived.

Reliable and affordable electricity is a key factor in our economic and national security. Electricity helps drive the U.S. economy and has a significant impact on our quality of life and the health of our communities.

In addition to our core mission, Western is doing our part to support the Department of Energy's efforts to diversify America's energy supply, improve energy efficiency, address environmental and climate change and modernize our energy infrastructure.

In 2007, Western's senior management team conducted a rigorous and thorough review of our business operations. The process was mentally challenging and invigorating. It required teamwork—both internally and externally—and helped equip us to be more capable as an organization. It gave us an opportunity to reaffirm our focus on our core mission of marketing and delivering Federal hydropower, as well as our commitment to control and contain cost.

We took a hard look at the landscape and wrestled with how we continue to meet our customers' needs by protecting the value of the Federal hydropower resources, ensuring the reliability and availability of Western's transmission system, and providing clean, reliable, cost-based energy. This plan is the result of that work.

All of us at Western are committed to making it work for our customers and for the nation.



Timothy Meeks
May 2009

Mission

Market and deliver clean, renewable, reliable, cost-based
Federal hydroelectric power and related services

Vision

Provide premier power marketing
and transmission services

Strategic themes

Western's Strategic Plan is designed to
deliver results along four strategic themes.

Theme 1

Energy Security through Products and Services

Provide cost-based power and transmission services for our firm electric service customers, thereby reducing their vulnerability to supply disruption and increasing their flexibility to meet consumers' needs for electricity.

Theme 2

Energy Infrastructure and Industry

Contribute to creating a more reliable, flexible and robust U.S. energy infrastructure, ensuring our efforts are funded and paid for by the beneficiaries.

Theme 3

Customer Partnerships/Funding

Further develop partnerships with our customers, including Native American tribes. Secure adequate funding.

Theme 4

Organizational Excellence through People

Ensure we have the organizational capabilities and resources to satisfy growing demands.

Strategic Theme 1

Energy Security through Products and Services

Energy Security through Products and Services Challenges

The United States' economy is powered by energy. Clean, reliable, affordable electricity is a key factor in increasing our energy security and independence. Federal hydropower is critically important to consumer-owned electric utilities in the region, providing the basis for our focus on our core mission of delivering cost-based, high-value power marketing services. At the same time, industry efforts to improve the reliability of the bulk power grid are placing more requirements on our workforce to implement mandatory reliability standards. Meanwhile, states across the nation have adopted aggressive Renewable Portfolio Standards and grid operations are becoming more and more complex.

Energy Security through Products and Services Strategic Goals

Provide cost-based power and transmission services for our firm electric service customers, thereby reducing vulnerabilities to supply disruption and increasing flexibility to meet consumers' needs for electricity.

Goal 1.1

Maintain Core Mission Focus

Continue to provide cost-based and high-value power marketing services.

Strategies to reach this goal

- Effectively control and manage costs.
- Effectively request and use appropriated resources supplemented by customer financing to accomplish our core mission.
- Continue to develop, operate and maintain the transmission system necessary to deliver reliable firm electric use and project use power to our customers at the lowest possible cost consistent with sound business practices.
- Work to protect and maximize the value of Federal resources for the benefit of our firm electric service customers.
- Participate in decisionmaking processes with natural resource agencies and others where the decisions will affect Federal hydropower generation.

Goal 1.2

Maintain Vital Services

Continue to provide transmission and resource management services upon request and at cost.

Strategies to reach this goal

- Continue to reserve sufficient capacity in the Federal transmission system to deliver firm electric service and project use power.
- On a regional basis, respond to requests for services for load and resource management.
- Actively participate in industry reliability and industry restructuring initiatives in Federal, state and industry forums and transmission studies, advocating for customer benefits.
- Continue to provide open access to Western's transmission system for surplus capacity.

Goal 1.3

Optimize Scarce Resources

Increase our efficiency and minimize costs while meeting increasing work requirements without sacrificing reliability or power delivery services.

Strategies to reach this goal

- Continue to consult with firm electric service customers on work plan priorities, ensuring optimum use of our resources to support our core mission.
- Stabilize funding capability for operations and maintenance and capital projects.
- Employ a consolidated operations and transmission services function for Western's Desert Southwest and Rocky Mountain regions.
- Stay engaged to influence industry changes.
- Implement a Westernwide enterprise risk management policy, identify key risk areas and develop mitigation plans.
- Improve our technology infrastructure by using common approaches and strengthening our security measures.

Goal 1.4

Promote Renewable Resources

Highlight and manage Western's renewables activities.

Strategies to reach this goal

- Continue to champion renewable resource education through Western's Renewable Resources and Energy Services programs that are funded by beneficiaries.
- Develop communication strategies to highlight the ongoing Renewable Resources and Energy Services programs.
- Explore the feasibility and potential benefits of long-term renewable energy purchases to supplement Federal hydropower project resources, minimizing purchase power and wheeling expenses.
- Explore increasing Western's existing renewable resources transmission integration studies, using available nonreimbursable funding.
- Continue to encourage customers' voluntary use of renewable resources and energy efficiency measures.
- Continue to promote the environmental benefits and value of clean, renewable, non-carbon emitting Federal hydropower.
- Continue high performance of our core mission while implementing the authority granted Western under the American Recovery and Reinvestment Act of 2009 to facilitate transmission construction that helps deliver renewable resources to market.

Strategic Theme 2

Energy Infrastructure and Industry

Energy Infrastructure and Industry Challenges

Western's transmission infrastructure continues to age, despite an ongoing replacement program. Mandatory reliability standards are increasing demands on our operations and maintenance employees. Transmission queues continue to grow. Meanwhile, Western's workforce size remains relatively unchanged. This results in regularly scheduled overtime work to accomplish necessary transmission system maintenance tasks. Finally, we must balance the need to protect our environment while enhancing the ability of the interconnected grid to deliver electricity.

Energy Infrastructure and Industry Strategic Goals

Contribute to creating a more reliable, flexible and robust U.S. energy infrastructure, ensuring our efforts are funded and paid for by the beneficiaries.

Goal 2.1

Resource and Maintenance Productivity

Meet the increasing demands on resource and maintenance staff from transmission growth and compliance requirements.

Strategies to reach this goal

- Reduce the amount of time our craft workforce spends on administrative tasks by improving administrative work practices and procedures, resulting in more time available for core maintenance activities.
- Ensure reliability and availability of Western's transmission system by meeting or exceeding national and regional operating criteria and reliability requirements.
- Conduct internal and external benchmarking.

Goal 2.2

Transmission Construction

Ensure Western has the capability to construct critical reliability transmission projects that are paid for by beneficiaries.

Strategies to reach this goal

- Evaluate our resources and capabilities to support construction projects based on project-specific needs; continue to prioritize construction and rehabilitation projects each year.
- Improve the accuracy of future workload projections associated with likely transmission reliability and expansion needs.
- Use a business case analysis to evaluate the benefits, costs and risks of our participation in transmission projects against Westernwide criteria.
- Identify and pursue one or more transmission projects to be funded and paid for by beneficiaries under the authority granted to Western in the Energy Policy Act of 2005.
- Identify and pursue one or more transmission construction projects under the authority granted to Western in the American Recovery and Reinvestment Act of 2009 that would facilitate delivery of renewable resources to market.

Goal 2.3

Planning Productivity

Meet the increasing demands on transmission service staff due to increasing transmission requirements and regulatory compliance requirements.

Strategies to reach this goal

- Ensure Western develops, implements and complies with evolving transmission and regulatory requirements as appropriate.
- Continually improve management of Western's transmission queues.

Strategic Theme 3 Customer Partnerships/Funding

Customer Partnership Challenges

Serving the needs of our power and transmission service customers is, and will always remain, vital to Western. As customer's needs change and they diversify their supply options, Western's role in serving them often evolves. Today, finding innovative ways to fund projects often involves partnering with customers, neighboring utilities and others.

Native American tribes now make up more than 10 percent of Western's core power customers. Many tribal nations have lands that are rich in energy resources that they would like to develop. Western stands ready to provide technical assistance regarding power marketing, resource management, and transmission service issues.

Customer Partnership Strategic Goals

Further develop partnerships with our customers, including Native American tribes.

Goal 3.1

Resources

Continue to work with customers to establish mechanisms to provide future financial stability.

Strategies to reach this goal

- Continue to work with customers to appropriately address both the financial and political implications of large purchase power and wheeling expenses.
- Establish lowest cost rates consistent with sound business principles for each project that are responsive to customer needs and cost-recovery requirements.
- Secure adequate funding to accomplish Western's mission, goals and objectives.
- Establish specific annual cost management targets.
- Prepare well-justified and documented annual budgets that meet Western's program requirements.
- Continue to work with customers to implement alternative financing mechanisms that ensure Western's core program funding needs are met, ensuring reliable delivery of cost-based hydropower.

Goal 3.2

Tribal Partnerships

Increase the opportunities to explore partnerships with Native American tribal customers in order to provide tribes the same service levels as provided to our other firm electric service customers.

Strategies to reach this goal

- As with all firm electric service customers, when requested by tribes, explore opportunities to provide power marketing and resource management services.
- As with other customers, consider opportunities to partner with tribes in transmission expansion projects and tribal renewable energy development.

Strategic Theme 4

Organizational Excellence through People

Organizational Excellence through People Challenges

Western's unique mission presents many advantages as well as challenges. Our status as a Federal agency also provides opportunities, as well as restrictions. Our aging workforce of highly skilled technical staff suggests an impending knowledge and capability gap as they leave Western. Finally, a flexible organizational structure is needed to meet Western's challenges in the 21st Century.

Organizational Excellence through People Strategic Goals

Ensure Western has the organizational capabilities, people and resources to satisfy growing demands.

Goal 4.1

Integrated Management

Ensure Western has the organizational capabilities and people to meet growing demands.

Strategies to reach this goal

- Collaborate with customers to strengthen Western's organizational structure and capabilities to support Western's mission and achieve Western's strategic goals.
- Establish, communicate and monitor specific annual organizational goals.
- Effectively integrate safety and security practices throughout Western; appropriately respond to all reported safety or security concerns.

Goal 4.2

Human Capital

Attract, recruit, develop and retain a safety- and reliability-focused, highly productive, customer-oriented and diverse workforce.

Strategies to reach this goal

- Pursue an open-ended, Westernwide recruitment process for engineers to identify a pool of qualified applicants that managers can draw upon to meet specific staffing demands.
- Streamline programs and processes that enable Western to quickly recruit a qualified, diverse workforce.
- Explore additional direct hire authority.
- Select individuals whose technical abilities, competencies and personal goals best match job and organizational objectives.
- Maximize apprentice and trainee programs to meet continuing needs.
- Maintain a strong focus on training and development so Western's workforce is equipped to meet the challenges of the 21st century by continually developing and enhancing employee skills, knowledge and abilities.
- Seek additional staff for Trust and Reimbursable projects, as needed.
- Seek an additional 50 full-time equivalent positions for trainee positions through 2012.

Our Priorities

Energy Security for our Customers

- Customer service
- Firm electric service delivery
- Project use power delivery
- Transmission services
- Cost management
- Renewable resources

Energy Infrastructure

- Regulatory compliance
- Transmission reliability and adequacy
- Environmental stewardship

Customer Partnerships/Funding

- Financial stability to ensure power delivery
- Customer and tribal partnerships

Organizational Excellence

- Safety and security
- Human capital and resources



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